

## Boucher Hosts Ninth District Value-Added Beef Conference (July 24, 2006)

### STATEMENT OF CONGRESSMAN RICK BOUCHER

#### Value-Added Beef Farming:

#### An Opportunity for Southwest Virginia's Farming Families

#### A Ninth Congressional District Agriculture Conference

July 24, 2006

Hemlock Haven Conference Center

Hungry Mother State Park

Marion, Virginia

Good morning and welcome to our Ninth Congressional District Conference: Value-Added Beef Farming - an Opportunity for Southwest Virginia's Farming Families. Our topic this morning is one of significance not only to families engaged in farming in our region, but also to the communities in which they live and work.

Beef production is the second largest agricultural industry in Virginia, and it is without question a major industry in our region, where beef farming has a widespread and longstanding history that spans many generations. There are currently more than 14,000 active farms in the counties that comprise Southwest Virginia, raising nearly 500,000 head of cattle. According to the most recently available data, the value of the sales of cattle and calves in Ninth District Counties exceeds \$174 million annually. The overall effect of farm income on our local economies is significant - so significant that retaining the strong agricultural heritage of our region and assuring that farming continues to play a healthy role in our economy is more than a cultural and historical tradition. It is an economic necessity.

Farming families today face new challenges. To be successful these days requires those engaged in agriculture to be mathematicians, environmental scientists and chemists. And while there are new challenges to be faced, there are also new agricultural opportunities to be pursued. Our goal is to assure through an array of diverse opportunities that families who wish to continue making a living from their farms can continue to do so to their own benefit and to the benefit of their

communities.

The purpose of today's conference is to explore one such opportunity - the potential that value added beef farming, the practice of adding value to beef by finishing it locally and in a healthier, more nutritionally sound fashion, holds for our region's farming families . The current market for naturally raised and organic beef is relatively small, but it is growing at a much greater rate than total beef sales in retail supermarkets. Currently retail sales of natural and organic beef comprise only 2% of total beef sales. Yet according to the National Cattlemen's Beef Association, in the past year sales of such beef rose 17.2%, while total beef sales grew 3.3%. In fact, in 2005 organic beef sales were valued at \$49 million, up from \$10 million in 2003.

This trend is worth noting. Industry experts predict that natural and organic beef sales could eventually grow from the current 2% market share of total beef sales to as much as 20%. However, even with today's market share of just 2%, the available supply comes nowhere near to meeting the demand, indicating a potentially large, untapped opportunity for beef farmers.

Recognizing the potential this unmet demand may hold for our agricultural community, several months ago I asked my friend Steve Smith, President and CEO of Food City, a major supermarket chain comprised of more than 50 grocery stores located in Tennessee, Virginia and Kentucky, to meet with grass-finished beef producers from Grayson County. The purpose of the meeting was to explore the possibility that Food City might carry this locally grown, more naturally finished beef in its stores. Steve recognized the potential for consumers to purchase such a product and expressed an interest in testing sales of the beef in several of his stores once local production reaches sufficient levels.

Our purpose today is to make the farming community more widely aware of the value that locally finished beef may hold for our region and to explore the feasibility of our region's farmers shifting some portion of their beef production from the traditional method to a different and more innovative method in order to create a supply of value-added beef sufficient to take advantage of the opportunity.

Our conference begins this morning with a presentation by Steve Smith, the President and CEO of Food City. Food City is a major asset to Southwest Virginia. It has honored a strong commitment of service to the region. Led by Steve Smith, Food City supports local farmers and produce vendors by selling locally grown produce in its stores. Steve has also been instrumental in the creation of a market for the local production of hair sheep. This morning, Steve will discuss his interest in testing the market for locally finished, value-added beef.

Steve will be followed on the program by Davis Redwine, President of the Scott County Regional Hair Sheep Association, which is the organization that coordinates regionwide the slaughter and sale of locally grown lambs to Food City. David will discuss the procedures and requirements of selling to Food City.

Any opportunity has its own set of specific challenges, and value-added beef production is no exception. The next two presenters, Michael Goldwasser of Blue Ridge Premium Beef in Carroll County and Tim Caudill of River Ridge Land and Cattle in Grayson County will discuss their production methods, as well as the risk factors and other challenges they face in producing their own variety of value-added beef.

Our next speaker will be Dr. Susan Duckett from Clemson University, who will present information on the role of forage in the composition of forage finished beef and will discuss the feasibility of producing and marketing forage finished beef.

Transitioning from beef produced in the traditional fashion to locally finished beef may also require additional temporary investments on the part of producers. Our final speakers will be Pete Adamson, Chief of Loan Programs with USDA Farm Service Agency, and Bill Franklin, Chairman of the Board of Directors of Farm Credit of the Virginias, who will present information on farm loan programs to assist producers with operating costs.

I would like to take this opportunity to thank these exceptional speakers for their participation in this morning's conference. I am certain that you will find their presentations to be informative.

I also want to thank The Virginia Farm Bureau for its assistance with the cost of the conference and the co-sponsors of the conference: The Virginia Cattlemen's Association, the U.S. Department of Agriculture's Farm Service Agency, The Virginia Cooperative Extension and Appalachian Sustainable Development for their key assistance in providing information about the conference to those who might be interested in this topic.

Annette Saunders and the excellent staff of Hungry Mother State Park deserve our recognition today for making this facility available for our use this morning.

Finally, I would like to recognize my Chief of Staff, Becky Coleman, my District Director, Laura Lee and my Project Manager, Courtney Lamie, for their work in organizing this conference and for arranging for presentations by the exceptional speakers who are with us this morning.